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FOR IMMEDIATE RELEASE  
November 9, 2000

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## FEDERAL-STATE JOINT BOARD STAFF RELEASES MONITORING REPORT

### *Comprehensive Report Tracks Trends Related to Universal Service*

Washington, D.C. – The staff of the Federal-State Joint Board on universal service has released its most recent Monitoring Report on Universal Service. This report reflects information on the telephone industry filed with the Federal Communications Commission (FCC) through September 11, 2000.

The Report released today details the various universal service support mechanisms, which are projected to amount to over \$4.5 billion in 2000. The report presents current data in each of the eleven subject categories selected for monitoring, and includes the following information in each category:

- 1) **Industry revenues and contributions** - Industry revenues grew 9% in 1999, with the most rapid growth being for wireless services (32%) and competitive local exchange carriers (61%), and the slowest growth for incumbent local exchange carriers (4%) and toll service (3%);
- 2) **Low income support** - Lifeline support grew 5% in 1999 and Link Up support decreased 20%;
- 3) **High cost support** - Two new high cost support mechanisms have been implemented since October 1999: the forward-looking high cost model support (projected at \$219 million in 2000) and the interstate access universal service support (projected at \$325 million in 2000);
- 4) **Schools and libraries support** - Schools and libraries are making substantial use of their available support, with commitments totalling nearly \$2 billion for the second year of the program (July 1999 – June 2000);
- 5) **Rural health care support** - The demand for rural health care support has grown to \$5.4 million committed in the second year of the program (July 1999 – June 2000);
- 6) **Subscribership and penetration** - The percentage of households subscribing to telephone service reached an all-time high of 94.6% in March 2000;
- 7) **Rates and price indices** - Overall telephone rates increased 0.4% in 1999, which is less than the general rate of inflation (2.7%), with increases in local rates being offset by decreases in toll rates;

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- 8) **Network usage and growth** - Telephone usage continues to grow steadily (9% in 1998), with the largest growth rate in recent years being for local calls (11%);
- 9) **Quality of service** - The data show noticeable differences in the quality of service among carriers;
- 10) **Infrastructure** - The most rapid growth of infrastructure has been for fiber digital carrier transmission (1999 growth rate of fiber working channels was 31%); and,
- 11) **Revenues, expenses and investment** - For the larger local exchange carriers, percentage of net income that is attributable to interstate (33% on average in 1999) is greater than the interstate share of revenues (27%) or expenses (25%).

A monitoring program was established in the mid-1980's, at the recommendation of the separations Joint Board, to track trends related to universal service and related matters. Since then, the Joint Board staff has prepared Monitoring Reports at least once a year -- a compendium of hundreds of pages of statistical data on subscribership and penetration, loop costs, separations factors, universal service fund payments, etc. In 1998 the publication of this report was changed from the separations Joint Board staff to the universal service Joint Board staff, and the frequency was increased to twice a year. This is the third Monitoring Report from the universal service Joint Board staff.

The Monitoring Report is unique in that it is the only document that includes information on every local telephone company in the nation. The FCC has not imposed any new reporting burdens on any company to generate the information. Instead it uses data which the National Exchange Carrier Association collects for its own needs, data from the Bureau of Labor Statistics and other organizations, and publicly available ARMIS submissions. Another characteristic of the monitoring reports is that they are staff reports. They are not intended to be policy documents and contain only enough text to describe the tables.

A copy of the Report is available for inspection in the FCC's Reference Information Center, Courtyard Level, 445 12th Street, SW. The Report can be downloaded by section from the **FCC-State Link** internet site, which can be reached at <http://www.fcc.gov/ccb/stats> on the World Wide Web. Names for print image files: mrs00-0.pdf, mrs00-1.pdf, .... mrs00-11.pdf for the introduction and each section separately. Names for condensed files in word processor (Word 97) and spreadsheet (Lotus 123 .wk4 or Excel 97) formats: mrs00-0.zip, mrs00-1.zip, ..., mrs00-11.zip.

Copies of the Report are available for purchase from the Commission's duplicating contractor, International Transcription Service, Inc. (ITS) at (202) 857-3800.

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CC Docket No. 98-202

**UNIVERSAL SERVICE**  
**MONITORING REPORT**  
**CC DOCKET No. 98-202**  
**SEPTEMBER 2000**

Prepared by Federal and State Staff for the

Federal-State Joint Board in

CC Docket No. 96-45

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Universal Service Monitoring Report  
CC Docket No. 98-202  
September 2000

Introduction and Summary

This is the fourth report in a series of reports prepared by federal and state staff members for the Federal-State Joint Board in CC Docket No. 96-45 (Universal Service Joint Board). These reports contain information designed to monitor the impact of various universal service support mechanisms, and the methods used to finance them. These mechanisms were adopted by the Federal Communications Commission (Commission), based on recommendations from the Universal Service Joint Board. These reports are part of a monitoring program created by the Commission in 1997<sup>1</sup> to replace a similar program in CC Docket No. 87-339 that resulted in a series of nineteen Monitoring Reports. The current program incorporates most of the information that was collected under the previous program, and also new materials from the reports of the administrator of the universal service support mechanisms, the Universal Service Administrative Company (USAC). To enhance our monitoring ability, we have created an open docket<sup>2</sup>, which allows data, materials, comments, and studies to be submitted by any interested party at any time.

The monitoring program has proven to be valuable, not only as a report on the effects of our regulatory policies, but also as a complete census of all incumbent local exchange carriers. Because smaller carriers generally are exempt from most Commission reporting requirements, the Monitoring Report incorporates data from several sources, including the National Exchange Carrier Association (NECA) and USAC. NECA, at the direction of the Commission, collects information in order to administer the access charge pools and to provide information to USAC to help administer the Universal Service Fund. USAC also collects information from all eligible carriers to administer the universal service support mechanisms. The Monitoring Report, therefore, contains the only available comprehensive data on all incumbent local exchange carriers, containing data on such matters as the number of telephone lines, calling volumes, and certain types of costs.

This report presents data for the eleven subject categories selected for monitoring. The first section provides information on the contributions to the universal service support mechanisms and industry revenues, on which those contributions are now based. The next four sections provide information on the various support mechanisms: low income support; high cost support; schools and libraries support; and rural health care support. The remaining six sections provide information on matters that might be affected by the support mechanisms: subscribership and penetration; rates and price indices; network usage and growth; quality of service; infrastructure; and revenues, expenses and investment.

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1      *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Report and Order*, FCC 97-157, para. 869 (released May 8, 1997).

2      CC Docket No. 98-202.



Because the Monitoring Report is published twice a year and some of the information published is filed only once a year, not all tables are published in every issue. We recommend that users keep the two latest issues to be certain they have all the latest information. In this report we only include tables for which we have new information, except for a few summary tables. The following are highlights of some of the material in this report. Section 1 provides an update on contributions to the universal service support mechanisms, and the industry revenues on which they are based. Section 2 includes the latest data on the Lifeline and Link-Up America programs. Section 3 includes the most recent projected payments for all of the high cost support programs, based on the quarterly reports from USAC. Section 4 includes updated data on the schools and libraries support. Section 5 includes updated data on the rural health care support. Section 6 includes the most recent Census data on subscribership from the Current Population Survey. It also includes data on telephone penetration by income by state. Section 7 includes updated Consumer Price Index and Producer Price Index data and other updated rate information. Section 8 includes the latest NECA data on access minutes, dial equipment minutes, and separations factors. Section 9 includes updated data on the quality of service from the Commission's Automated Reporting Management Information System (ARMIS) reports. Section 10 includes updated data on infrastructure from the ARMIS reports. Section 11 includes the latest information on revenues, expenses and investment from the ARMIS reports.

This report is based on information available to us as of September 11, 2000. This entire report is available electronically through the **FCC-State Link** internet site, which can be reached at <http://www.fcc.gov/ceb/stat> on the World Wide Web. It is available in both page image (.pdf) format and in a compressed (.zip) format, which, when unzipped yields word processing and spreadsheet files. In addition, information received well in advance of the next Monitoring Report will be made available on an interim basis in separate staff reports or in raw data files (such as most NECA filings used in the Monitoring Report) on the internet site. In addition, the ARMIS data are available on the ARMIS internet site, which can be reached at <http://www.fcc.gov/ceb/armis/db/>.

For ease of public reference, we ask that parties submitting materials for this docket provide a duplicate copy to the FCC's Reference Information Center,<sup>3</sup> where copies of all materials filed in the docket are available for public reference.

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## 1. Industry Revenues and Contributions

Virtually all providers of telecommunications service are currently required to file the Form 499-A. Telecommunications Reporting Worksheets are not filed directly with the FCC but rather with the Universal Service Administrative Company (USAC), the data collection agent for the Form 499-A. By June 2000, the Form 499-A database contained whole-year 1999 data for 4,491 filers. In some cases, the 1999 revenue data are estimated due to late or inadequate filings by some service providers.

In the Form 499-A, each filer is required to report total, interstate and international revenues in two broad categories: service provided to Universal Service Worksheet filers for resale (carrier's carrier); and, service to de minimis filers and end users (end user). Filers must provide further breakdowns of local, wireless, and toll services. The Form 499-A requires each filer to categorize itself using one of the following categories:<sup>1</sup>

- Competitive Access Provider (CAP) or Competitive Local Exchange Carrier (CLEC)
- Cellular, Personal Communications Service (PCS) and Specialized Mobile Radio (SMR) Wireless Telephony Service Provider
- Incumbent Local Exchange Carrier (ILEC)
- Interexchange Carrier (IXC)
- Local Reseller
- Operator Service Provider (OSP)
- Other Local Service Provider
- Other Mobile Service Provider
- Other Toll Service Provider
- Paging and Messaging Service Provider
- Payphone Provider
- Private Service Provider
- Pre-paid Calling Card Provider
- Satellite Service Provider
- Shared-Tenant Service Provider
- Specialized Mobile Radio - Dispatch
- Toll Reseller
- Wireless Data Service Provider

Fewer filer categories were listed on prior-year worksheets. In a few cases, filer categories were combined for tabulation purposes.

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<sup>1</sup> The detailed definitions of the filer categories are contained in the Form 499-A detailed filing instructions, ( <http://www.fcc.gov/Forms/Form499-A/499a.pdf> ).

Filers were instructed to report the amounts actually billed to customers. This means that filers should report revenues net of discounts, but without making any adjustments to reflect uncollectible revenues or international settlement payments. Most filers should be able to report revenues in this manner using information contained in their corporate books of account. Some filers, however, have no business or regulatory requirements to record intrastate or international revenues separately from interstate revenues or to use the detailed revenue categories contained in the worksheets. In accordance with the worksheet instructions, many filers used safe harbor percentages to estimate the interstate portion of wireless revenues. Further, some filers reported unlikely amounts or amounts in unlikely categories. The totals reflect some corrections based on supplemental filer information. Nonetheless, desegregated data are likely to be less accurate than industry totals.

The revenue tables presented herein are based on information published in *Telecommunications Industry Revenues: 1999*, which is available at <http://www.fcc.gov/tech/stats>.

Table 1.1 shows the major components of telecommunications revenues for 1999. Tables 1.2 and 1.3 compare 1999 revenues with revenues for prior years. Revenue data shown for 1992 through 1996 are derived from information filed on Telecommunications Relay Service (TRS) worksheets. Revenue data for 1997 and 1998 are derived from a combination of TRS worksheet and Universal Service worksheet data. These worksheets were replaced by the Form 499-A, which were filed for the first time on April 1, 2000. Table 1.4 illustrates how data from the Form 499-A are used to develop funding bases for the universal service, TRS, North American Numbering Plan Administration and local number portability contribution mechanisms.

Table 1.2 provides historic data for several categories of revenue. Because of reporting changes, data for 1997 through 1999 are not entirely consistent with data for prior years. For example, special access revenues were included with other access revenues prior to 1997 but are included with local private line services since then. Similarly, through 1996, filers reported as other toll and mobile revenues substantial amounts of customer premises, billing and collection and other types of revenues that are excluded from contributions to the universal service support mechanisms. These revenues are now reported as non-telecommunications revenues. Table 1.2 contains estimates of the amounts of non-telecommunications revenues that had been reported in prior years. Based on staff estimates, the 1996 telecommunications revenues reported on TRS Worksheets would have been \$10.5 billion lower if revenues had been reported using current instructions.

Table 1.2 contains significant revisions to previously published data for non-operator switched toll and other toll data. Many filers erroneously reported substantial amounts of switched service revenue as other toll revenues. Each year, the amounts are reexamined and some may be reclassified based on staff research. Even so, the other toll category

probably continues to contain some switched revenues, perhaps significant amounts in some years.

In 1997, filers were required to include inside wiring maintenance revenues as part of local exchange revenues. In 1998, filers were instructed to report these revenues as non-telecommunications service revenues. The local exchange service revenue data in Table 1.2 would show a greater increase from 1997 to 1998 if the same reporting instructions had been used for each year.

Table 1.3 provides historic revenues for several classes of filers. Changes in reporting are relatively unimportant for toll carriers and for local service competitors. As explained above, however, the 1996 data contain about \$10.5 billion of non-telecommunications revenues, almost all of which were reported by incumbent local exchange carriers (ILECs) and wireless carriers. The local exchange service revenue data in Table 1.3 would show a greater increase from 1997 to 1998 if the same reporting instructions for inside wiring maintenance revenues had been used for each year.

Revenue data for individual filers are not available to the public. However, Tables 1.5 through 1.8 present detailed industry roll-ups by types of revenues and by types of filers. Table 1.5 provides a detailed breakout for each of the Form 499-A revenue categories used to report services provided to other filers for resale. Table 1.6 provides a detailed breakdown for each of the revenue categories used to report telecommunications service provided to end users. Table 1.7 combines data from Tables 1.5 and 1.6 with data on non-telecommunications revenues to develop total industry revenue data. Table 1.8 provides less detailed information, but for a greater breakdown by types of filers. The revenue categories presented in Tables 1.5 through 1.7 are explained in the Form 499-A filing instructions, which can be found on the FCC's website <http://www.fcc.gov/formpage.html>.

#### Program Requirements and Contribution Factors

On a quarterly basis, USAC submits funding requirements to the Commission for each of the Universal Service Mechanisms (currently High Cost, Low Income, Schools and Libraries, Interstate Access,<sup>2</sup> and Rural Health Care). For each program, USAC submits its anticipated funding needs with the Commission 60 days before the beginning of the quarter.

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2 The mechanism was created in *Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, Federal-State Joint Board on Universal Service, Sixth Report and Order* in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, Eleventh Report and Order in CC Docket No. 96-45, FCC 00-193 (rel. May 31, 2000), paras. 185-233.

Tables 1.9a and 1.9b show program information for 1999 and 2000 respectively. The tables show anticipated revenue requirements to cover program demand, administrative costs, interest income (which offsets revenue requirements) and periodic true-ups for all Universal Service programs. Periodic true-ups occur for a variety of reasons, including the fact that actual receipts could differ from billings. Also, because not all the money that had been set aside for first-year commitments to Schools and Libraries will be disbursed, “periodic true-ups” for the Schools and Libraries mechanism include any application of balance from prior periods.<sup>3</sup> On September 8, 2000, the Commission released proposed contribution factor for the fourth quarter of 2000 that accounts for the last of the (expected) unused balance from the first funding period.<sup>4</sup>

The Universal Service Administrator also collects and tabulates end user revenue data from the industry. Carriers submit revenue information to USAC using FCC Form 499. Carriers file first half of year revenue data on September 1. This information is used to determine contributions for the first two quarters of the following year. Carriers then file whole year data on the following March 31. First half-year data are then subtracted from the whole-year data, and the result — estimated second half revenue data — is used to bill contributions to be made in the third and fourth quarters. The Common Carrier Bureau takes these revenue figures and the program requirements submitted by USAC, and releases proposed fund factors on a quarterly basis. If, after 14 days, the Commission takes no action regarding the proposed contribution factors, the factors become effective.

On July 30, 1999, a three-judge panel of the United States Court of Appeals for the Fifth Circuit issued an opinion that altered some of the methodological calculations used by the Commission in its determination of Universal Service contribution factors. Contributions could no longer be partly based on the intrastate revenues of universal service contributors. Further, some international revenues were to be treated differently.

On September 9, 1999, the Commission filed a motion with the Court, which in part asked the Court to stay application of its mandate until the first quarter of 2000. This motion allowed the Commission to release fourth quarter contribution factors that were based the Commission’s earlier application of the rules.<sup>5</sup> The court’s ruling, released on September

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3 Commission rules require that unused funds be credited back to contributors. This is done through reducing future fund factors to account for the unused revenue. See 47 CFR § 54.507.

4 Proposed Fourth Quarter 2000 Universal Service Contribution Factor. CC Docket No. 96-45, DA 00-2065.

5 Thus, the Schools and Libraries contribution factor was multiplied by intrastate, interstate and international end-user revenue.

28, 1999 mandated that the Commission not apply the existing fourth-quarter contribution factors on or after November 1, 1999.

Before October 8, 1999, the Commission released two separate fund factors: one factor for the Schools and Libraries mechanism and the Rural Health Care Mechanism, and another factor for the High-cost and Low Income mechanisms. The separate factors reflected the Commission's position that contributions for the funds should be based on different sets of revenues. In light of the court decision, all of the Universal Service Mechanisms are now based on interstate end-user revenue. Interstate end-user revenue includes most international service end-user revenue. Excluded are revenues from calls that both originate and terminate in foreign points, and international revenue from carriers whose interstate end-user revenue represents 8% or less of their combined interstate and international end-user revenue.

Because all Universal Service Mechanisms are now based on the same revenue base, only one fund factor is needed. The first unified factor was released on October 8, 1999, and was applied to November and December revenues.<sup>6</sup>

By a recent order on access charges,<sup>7</sup> the FCC has created a new Universal Service mechanism called Interstate Access. The mechanism makes explicit \$650 million worth of subsidies that were implicit within the previous access charges. The mechanism became effective on July 1, 2000. Reflecting this, Table 1.9b shows the relevant information for the Interstate Access mechanism starting in the third quarter of 2000.

Tables 1.9a and 1.9b also show the contribution bases for the fund factors. If all carriers provided correct data on the filing dates, end user revenue totals would be the same for the first two and last two quarters of each year. The revenue totals each quarter change because of late filings and corrections. The Commission takes the reported contribution base and reduces them by 10% to reflect the fact that some contributions will prove uncollectable. The result is the contribution base, which roughly equals the quarterly total program requirement divided by four, not the half-year contribution base figure.

Carrier quarterly contributions to these support mechanisms are determined by multiplying the appropriate fund factor times one half of that carrier's end user revenue for that half year. For instance, consider a carrier's contribution into the Schools and Libraries mechanism and Rural Health Care mechanism for the second quarter of 1999. That carrier's

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6 Proposed Fourth Quarter 1999 Universal Service Contribution Factor for November and December 1999. FCC Docket No. 96-45, DA 99-2109.

7 See In re Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low Volume Long Distance users, Federal-State Joint Board on Universal Service, FCC 00-193 (rel. May 31, 2000).

contribution would be calculated by multiplying .0057 times one half of the amount of the end user revenue that it billed in the second half of 1998 for intrastate, interstate and international telecommunications services. The carrier's contribution into High Cost and Low Income mechanisms for the second quarter of 1999 would be calculated by multiplying .0305 times one half of its interstate and international telecommunications services billed in the first half of 1998.

**Table 1.1: Total Telecommunications Industry Revenue: 1999 \***  
**Reported on FCC Form 499-A Telecommunications Reporting Worksheets**  
 (Amounts Shown in Millions)

	Carrier's Carrier Revenues **	End-User Revenues **	Total
Local Service	\$33,156	\$78,608	\$111,764
Wireless Service	4,652	43,843	48,495
Toll Service	14,934	93,311	108,246
 Total	 52,742	 215,763	 268,505
Service Reported as:			
Intrastate	22,293	134,919	157,212
Interstate and International ***	30,449	80,844	111,293
 Total	 \$52,742	 \$215,763	 \$268,505

Source: Industry Analysis Division *Telecommunications Industry Revenues: 1999*

Note: Detail may not add to totals due to rounding.

\* Data include revenues for de minimis filers as well as for other carriers who are exempt from universal service contribution requirements.

\*\* Carrier's carrier revenue is reported on the Form 499-A as sales to other universal service contributors for resale. This includes, for example, access services that local exchange carriers provide to toll carriers. Sales to de minimis carriers, customers, governments, non-profits and any other non-contributors are treated as end-user revenue. Filers contribute to the universal service funding mechanisms based on their end-user revenues.

\*\*\* Revenues from calls that both originate and terminate in foreign points are reported as end-user revenue, but are not included in the universal service contribution base. Tables 5 through 8 show breakouts between interstate and international revenues based on Form 499-A filings. CFR §43.61 international traffic data reports appear to provide more reliable data for international revenues but do not provide the type of breakouts found herein.

**Table 1.2: Telecommunications Industry Revenue by Service**  
(Amounts Shown in Millions)

	TRS Data					Universal Service & TRS Data		Form 499-A Data
	1992	1993	1994	1995	1996	1997	1998	1999
Local Exchange	\$39,235	\$40,176	\$42,245	\$45,194	\$48,717	\$53,771	\$59,245	\$62,840
Pay Telephone *						2,182	2,536	2,218
Local Private Line **	1,049	1,088	1,138	1,226	1,616	8,282	10,403	12,914
Other Local ***	7,687	8,002	8,302	10,428	10,543	2,847	2,179	4,601
Subscriber Line Charges **						8,327	11,052	10,826
Access **	29,353	30,832	32,759	33,911	35,641	21,423	18,449	18,105
Universal Service Surcharges on Local Service Bills ****							103	260
Additional Revenues From TRS Worksheets						595	595	
Total Local Service	77,324	80,098	84,443	90,759	96,516	97,426	104,563	111,764
Wireless Service	7,285	10,237	14,293	18,759	26,049	32,760	36,240	48,117
Universal Service Surcharges on Wireless Service Bills ****							345	379
Additional Revenues From TRS Worksheets						189	189	
Total Wireless Service	7,285	10,237	14,293	18,759	26,049	32,950	36,775	48,495
Operator *	9,465	10,772	10,539	11,170	10,975	12,002	12,205	10,049
Non-Operator Switched Toll	54,448	60,591	61,468	65,217	73,751	72,059	74,168	78,389
Long Distance Private Line	7,783	8,067	9,043	9,719	10,665	10,504	11,952	13,169
Other Long Distance	4,048	3,095	3,428	3,523	4,299	4,695	3,386	3,656
Universal Service Surcharges on Toll Service Bills ****							1,810	2,983
Additional Revenues From TRS Worksheets						1,532	1,532	
Total Toll Service	75,744	82,525	84,478	89,629	99,691	100,793	105,055	108,246
Non-Telecommunications Formerly Reported as Other Local and Wireless ***	(729)	(1,024)	(1,429)	(1,876)	(2,605)			
Total Telecommunications ***	153,409	165,342	174,890	190,076	211,782	231,168	246,392	268,505
Non-Telecommunications ***	729	1,024	1,429	1,876	2,605	25,633	27,944	33,144
Total Reported Revenues	160,353	172,860	183,214	199,147	222,256	256,801	272,019	301,648
Service Reported as:								
Intrastate ***	88,594	95,903	101,173	111,047	125,244	133,654	142,108	157,212
Interstate and International	71,030	75,933	80,611	86,224	94,407	97,514	104,284	111,293
Total Telecommunications ***	\$159,624	\$171,836	\$181,785	\$197,271	\$219,651	\$231,168	\$246,392	\$268,505

Note: Data for 1992 through 1996 summarized from FCC Form 431 TRS Worksheets. Data for 1997 and 1998 primarily based on FCC Form 457 Universal Service Worksheets, with data from 1997 TRS Worksheets used for service providers not required to file a Universal Service Worksheet. Data for 1999 summarized from FCC Form 499-A Telecommunications Reporting Worksheets, which replaced both the Form 431 and the Form 457. Some data for prior years have been revised. Detail may not add to totals due to rounding.

- \* TRS filers generally reported pay telephone revenue as local service revenue, access revenue or operator toll revenue. The Universal Service and Form 499-A worksheets contain a separate category for payphone coin revenue. Starting in 1997, payphone revenue includes payphone compensation received from toll carriers.
- \*\* TRS Worksheet filers generally reported special access revenue as access revenue. Reporting changes implemented with the Universal Service Worksheet explain the increase in local private line revenue and the fall in access revenue shown for 1997. TRS Worksheet filers included subscriber line charges with other access charges. Universal Service Worksheet filers report subscriber line charges in a separate category. The increase from 1997 to 1998 represents PICC charges levied by ILECs as well as \$1.2 billion of PICC pass-through charges levied by toll carriers.
- \*\*\* Significant amounts of enhanced service, billing and collection, CPE and other non-telecommunications revenues were reported in the TRS mobile and other local service categories through 1996. Universal Service Worksheet filers report these revenues in the non-telecommunications category. For prior years, the amounts of non-telecommunications revenue reported as mobile and other local revenue were estimated as 70% of the amounts that Tier 1 ILECs reported in ARMIS as miscellaneous and nonregulated revenues (currently account 5200 + account 5280) and 10% of amounts reported as mobile service revenue.
- \*\*\*\* Charges on end-user bills identified as recovering state or federal universal service contributions are reported separately from local, wireless and toll revenue. Reported amounts are apportioned between local, wireless and toll service based on the proportions of local, wireless and toll intrastate and interstate revenue by type of carrier.



**Table 1.3: Telecommunications Revenue Reported by Type of Carrier**  
(Amounts Shown in Millions)

Service Provider Category *	TRS Worksheet Data					Universal Service & TRS Data		Form 499-A Data
	1992	1993	1994	1995	1996	1997	1998	1999
Incumbent Local Exchange Carriers **	\$91,584	\$95,228	\$98,431	\$102,820	\$107,905	\$105,154	\$108,234	\$112,216
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	69	191	281	623	1,011	1,919	3,348	5,652
Local Resellers						206	410	511
Other Local Exchange Carriers						157	36	171
Private Carriers						112	147	87
Shared-Tenant Service Providers						87	93	87
Competitors of ILECs	69	191	281	623	1,011	2,481	4,034	6,508
Fixed Local Service Providers	91,835	95,595	99,011	103,792	109,273	107,634	112,268	118,725
Payphone Providers	183	175	300	349	357	933	1,101	1,213
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers**	6,718	9,215	13,259	17,208	23,778	29,944	33,139	46,513
Paging & Messaging Service**						2,861	3,161	3,232
Specialized Mobile Radio (SMR) Dispatch								186
Wireless Data Service Providers								63
Other Mobile Service Providers	670	964	938	1,419	2,121	225	731	159
Wireless Service Providers	7,387	10,179	14,197	18,627	25,900	33,030	37,032	50,152
Interexchange Carriers (IXCs)	57,341	61,118	66,381	70,938	79,057	79,080	83,443	87,570
Operator Service Providers (OSPs)	558	695	536	500	461	603	590	337
Pre-paid Calling Card Providers				16	238	519	888	866
Satellite Service Carriers						1,011	475	280
Toll Resellers	1,293	1,869	2,840	4,220	6,564	8,010	9,885	9,211
Other Toll Carriers	2,186	711	709	773	577	348	710	150
Toll Service Providers	61,378	64,393	70,466	76,447	86,896	89,570	95,992	98,414
Non-Telecommunications Revenue in Prior Year Data **	(6,944)	(7,518)	(8,324)	(9,071)	(10,474)			
Other Adjustments ***	(248)	2,693	(461)	280	187	0	0	0
Total Telecommunications Revenue	\$153,409	\$165,342	\$174,890	\$190,076	\$211,782	\$231,168	\$246,392	\$268,505

\* Filers are asked to select for themselves a service provider category that best describes their operations. The choices have changed over the years. For example, most satellite service providers identified themselves as other toll carriers in their 1997 TRS worksheets because there was no separate category for satellite service providers.

\*\* Significant amounts of enhanced service, billing and collection, CPE and other non-telecommunications revenues were reported on TRS worksheets by incumbent local exchange carriers (ILECs) and wireless carriers through 1996. Universal Service Worksheet filers report these revenues in the non-telecommunications category. For prior years, the amounts of non-telecommunications revenue reported as mobile and other local revenue were estimated as 70% of the amounts that Tier 1 ILECs reported in ARMIS as miscellaneous and nonregulated revenues (currently account 5200 + account 5280) and 10% of amounts reported as mobile service revenue.

\*\*\* Other adjustments include some amounts withheld to preserve confidentiality and revisions made after the initial publication of the data.

**Table 1.4: Contribution Base\* Revenues By Program: 1999**  
(Amounts Shown in Millions)

		1999
<b>Revenues subject to universal service contribution</b>		
	Interstate and international end-user revenue	\$80,844
less	revenue for international - to - international service	983
less	international revenue excluded where interstate toll represents less than 8% combined interstate and international revenue	333
less	interstate and international revenue for 2,708 filers who are de minimis or otherwise exempt from universal service support requirements	143
equals		79,385
<b>Revenues subject to TRS contribution</b>		
	Interstate and international end-user revenues	80,844
less	interstate and international revenues for 160 filers who claim to be exempt from interstate telecommunications relay service (TRS) contribution requirements	98
less	interstate and international revenues for service provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms	55
equals		80,691
<b>Revenues subject to NANPA contribution</b>		
	Total telecommunications service end-user revenues (including intrastate, interstate and international)	215,763
less	telecommunications revenues for 538 filers who claim to be exempt from North American Numbering Plan Administration (NANPA) contribution requirements	766
less	telecommunications revenues for service provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms	166
equals		214,831
<b>Revenues subject to LNP contribution</b>		
	Total telecommunications service end-user revenues (including intrastate, interstate and international)	215,763
less	telecommunications revenues for 537 filers who claim to be exempt from local number portability administration (LNP) contribution requirements	762
less	telecommunications revenues for service provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms	166
equals		\$214,835

\* This table shows how contribution bases differ for different programs and provides relative magnitudes, but does not provide the actual amounts used for determining contribution amounts. Amounts shown represent the amounts contained in the Form 499-A database at a point in time. The universal service administrator continues to receive additional and corrected filings. Exempt amounts were based on the filer certification statement contained in the Form 499-A filings. The fund administrators use carrier type, revenue type and additional information requested from filers to review exemption claims (and in some instances, failure to make claims.) The universal service fund administrator bills delinquent filers based on estimated revenue and therefore can include estimated revenue amounts in contribution base amounts. As a result of these factors, actual contribution bases have been based on slightly different amounts than those shown. Note also that universal service contribution factors are set quarterly. Factors for the first and second calendar quarters are based on revenues reported for the first half of the prior calendar year. Factors for the third and fourth quarter are based on revenues reported for the second half of the prior calendar year. Local number portability contribution amounts are determined by region of the country rather than on a nationwide basis.